

KELLER AND HECKMAN LLP

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1001 G STREET, N.W.
SUITE 500 WEST
WASHINGTON, D.C. 20001
TELEPHONE 202.434.4100
FACSIMILE 202.434.4646
WWW.KHLAW.COM

C. Douglas Jarrett
(202) 434-4180
jarrett@khlaw.com

January 6, 2005

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 - 12th Street, S.W.
Washington, D.C. 20554

Ex Parte Presentation

Re: In the Matter of Performance Measurements and Standards for Interstate Special Access Services (CC Docket No. 01-321); In the Matter of AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services (RM Docket No. 10593)

Dear Ms. Dortch:

On behalf of the American Petroleum Institute, the undersigned met on January 5, 2005 with Jeffrey Carlisle, Tamara Preiss, Margaret Daily, and Pamela Arluk, members of the Wireline Competition Bureau, in connection with the referenced matters. A summary of points communicated is attached hereto.

Sincerely,

/s/ C. Douglas Jarrett

C. Douglas Jarrett

Enclosure

cc: Jeffrey Carlisle
Tamara Preiss
Margaret Daily
Pamela Arluk

American Petroleum Institute

Talking Points on Special Access

RM-10593 (Rates)

CC Dkt. No. 01-231 (Provisioning)

API & API Member Companies

- ◆ Represents global and domestic petroleum companies and domestic pipeline operators
- ◆ Companies are major consumers of interstate special access services
 - API is a member of SPARC and JCIG

API Member Companies

- ◆ Special Access supports virtually all wireline data communications
 - Data services are 50%+ of corporate telecom expenditures and growing
 - ◆ Support critical infrastructure applications
 - ◆ Bandwidths require DS-1 rates or higher
- ◆ Special Access supports voice services at high traffic locations

Import of Special Access Proceedings (Domestic)

- ◆ Preserve competition in interexchange telecommunications and information services
 - Ensure cost-based rates for special access services
 - Ensure standards and metrics spur improvements and nondiscrimination in provisioning for services not subject to competition

Import of Special Access Proceedings (Global)

- ◆ Recognize strong demand for multi-national services providers
- ◆ Cost-based special access rates and meaningful provisioning metrics and standards
 - Discourage global balkanization by dominant domestic carriers
 - Promote facilities-based competition

Results of Informal Survey of 6 Member Companies

- ◆ ILECs provide 95%+ of domestic DS-1s
 - Purchased by IXC as part of voice and data services
 - 100% in non-urban areas
- ◆ Approximately 80% of DS-3s provided by ILECs
 - Some IXCs provide DS-3 & OC-n capacity access
 - ◆ Cable companies and CLECs provide less than 5% of these access circuits

Results of Informal Survey of 6 Member Companies

Provided by ILECs

- ◆ DS-1s – 1150
- ◆ DS-3s – 66
- ◆ Gigabit Ethernet – 16

By Non-ILECs

- ◆ DS-1s – 50
- ◆ DS-3s – 12
- ◆ OC-n and Fiber Ring Access – 3

Results of Informal Survey of 6 Member Companies

- ◆ Special access pricing is constant to increasing
- ◆ Rates for other telecommunications services and dedicated Internet access services are declining

Special Access Pricing

◆ *Pricing Flexibility Order*—Revoke It

- RBOCs are not lowering rates in response to competition
 - ◆ Low density areas have lower “Price Cap” rates
 - ◆ Recent Qwest tariff filing confirms need for reform
- Release NPRM responsive to Court proceedings on AT&T Petition for Writ of Mandamus

Special Access Ordering, Provisioning & Maintenance

- ◆ JCIG standards look to systematize and improve delivery and maintenance of services
- ◆ Predictability and reliability are fundamental
 - Essential for safety of life and property and security of critical infrastructure
 - Mastering ILEC processes should not be a challenge for 2nd Tier domestic IXC's

Special Access Ordering, Provisioning & Maintenance

◆ Joint RBOC Proposal (Dec. 2004)

- Inadequate, low ball starting point
- Reject RBOC proposed standard
 - ◆ Provisioning to unaffiliated IXC's should be "substantially similar" as provided to affiliates
- Require
 - ◆ RBOC provisioning to unaffiliated IXC's be "demonstrably equivalent" to self-provisioning of special access

Special Access Ordering, Provisioning & Maintenance

◆ Summary

- Reliable and Predictable Provisioning
- Maximizes competition in IXC Services
- §§ 201-205 provide authority for JCIG metrics and standards